

TESTIMONY PRESENTED BEFORE THE HOUSING COMMITTEE 2/17/2015

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Good afternoon Senator Winfield, Representative Butler, and members of the committee. My name is Evonne Klein and I am the Commissioner of the Department of Housing (DOH). Thank you for the opportunity to appear before you regarding several important bills that impact DOH and the Connecticut residents and communities we serve.

Bills Raised on Behalf of DOH:

S.B. 892 - AN ACT CONCERNING HOUSING DEVELOPMENTS WITHIN INCENTIVE HOUSING ZONES:

DOH administers the Incentive Housing Zone (IHZ) program (also known as the HOMEConnecticut program or the Housing for Economic Growth program), which provides technical assistance funding and financial incentives to municipalities to develop and adopt zoning regulations that enable the production of mixed-income housing. Since the program's inception in 2008, the state has provided technical assistance to approximately 70 municipalities. Only 8 of these municipalities have adopted approved zones and just 2 of them have completed housing projects in their approved incentive housing zones.

DOH conducted a study to determine why more municipalities are not following through with adopting zoning regulations under this program. The responses, as well as the feedback the department received during meetings with municipal leaders, indicated that the density requirements as well as a lack of supporting infrastructure impaired their ability to meet the requirements of the program. DOH strongly supports S.B. 892 which provides the department with the discretion to lower the density requirements due to feasibility issues, and it replaces the per unit payment formula for building permits with a lump sum payment of up to \$150,000 to be used for infrastructure projects related to the proposed development within the approved incentive housing zone. The bill also adds "municipalities" to the list of eligible grant recipients for housing development.

DOH believes these changes will increase the effectiveness of the program and result in more affordable housing construction. Exclusionary zoning is one of the major barriers to affordable housing. DOH wants municipalities to proactively plan for and promote the creation of affordable housing that best fits into their communities. The IHZ program is designed to assist with this effort and these proposed changes will enable more municipalities to participate.

S.B. 891 - AN ACT CONCERNING ADMINISTRATIVE HEARINGS CONDUCTED BY THE DEPARTMENT OF HOUSING:

DOH strongly supports this bill, which is simply a clarification to the existing statutes that allow the department to conduct administrative hearings for programs that were transferred from the Department of Social Services (DSS). It provides specific authorization for clarity so that if issues should arise with program participants, there is transparency with no ambiguity concerning due process. This language is

similar to the hearing-related statutes currently in place for DSS. Replicating the language for programs that were transferred from DSS to DOH will eliminate any confusion and provide consistency for the programs currently administered by DOH. This is a necessary change since this provision was inadvertently not included in the legislation implementing the DOH (P.A. 13-234) which transferred the relevant programs and duties to DOH from other state agencies.

H.B. 6757 - AN ACT CONCERNING THE DISCLOSURE OF INFORMATION OF RENTAL HOUSING PROGRAM PARTICIPANTS:

DOH also strongly supports H.B. 6757, which will statutorily ensure the protection of confidential individual client information. As stated before, DOH assumed the administration of numerous housing-related programs previously administered by DSS during its creation in 2013 and not all necessary statutory provisions were replicated in the transferring legislation. This bill will mirror the client protections already in place within DSS, ensuring that confidential client information concerning individuals and their personal financial information will remain confidential.

Other Legislation Impacting the Department:

H.B. 6462 - AN ACT ESTABLISHING A RENTAL ASSISTANCE PILOT PROGRAM:

DOH opposes H.B. 6462, not because of its intent, but rather because this legislation is unnecessary. DOH currently contracts with three non-profit housing agencies that provide mobility counseling services statewide to assist rental subsidy recipients make housing decisions with full information about school performance, crime rates, transportation options, and other relevant community data. The programs also offer tenant education and referrals to local community support services. Every DOH administered rental subsidy recipient is offered the opportunity to participate in mobility counseling. Participation in these programs is voluntary and does not hinder the recipient's right to ultimately choose where he or she resides.

Rental subsidy recipients are also eligible for DOH's Security Deposit Guarantee Program, which provides a guarantee to landlords of up to two month's rent. DOH wants to continue to ensure that the state is actively engaged in de-concentrating poverty and increasing access to high opportunity areas for low income individuals. The department is rebidding its mobility counseling programs this year with the belief that re-procuring these funds will present DOH the opportunity to implement an even more effective model to accomplish these goals.

H.B. 6147 - AN ACT REQUIRING AFFORDABLE HOUSING DEVELOPMENTS TO COMPLY WITH PRINCIPLES OF SMART GROWTH AND HISTORIC DISTRICT REGULATIONS:

DOH opposes HB 6147 as unnecessary and potentially serving as a barrier to the state's efforts to affirmatively further fair housing. DOH already requires that funding applicants adhere to the priorities outlined in both the State Plan of Conservation and Development (POCD) and the 5 year Consolidated Plan for Housing and Community Development (ConPlan), which are drafted through a public process. These plans contain principles of responsible development similar to the proposed bill, but with more flexibility to ensure smart growth while not impeding the potential for affordable housing opportunities in suburban and rural areas. DOH is currently drafting the next 5 year ConPlan and encourages interested members of the General Assembly as well as the public to provide their comments to the department this spring.

In addition, DOH's main funding application includes points for transit-oriented development, adaptive reuse of vacant or abandoned properties, and development in areas with existing infrastructure as well as negative points for the use of undeveloped land. Applicants, who are proposing to redevelop historic properties or properties in historic districts, are also required to obtain approval from the State Historic Preservation Office prior to applying to DOH for funding. The DOH application also includes points for projects that are located in a municipality where there is less than 10% of affordable housing and for providing a type of tenure, household type and affordability that is under-represented in the census tract. While the proposed bill requires developments to "expand housing opportunities and design choices to accommodate a variety of household types and needs," similar to the existing requirements of section 8-2 of the general statutes, the other requirements in this bill steer projects towards an urban setting, which could limit the production of affordable housing options outside urban centers. These evolving and nuanced responsible development priorities are best left to the POCD, ConPlan, and state funding applications.

H.B. 6756 - AN ACT ESTABLISHING A PILOT PROGRAM TO PROVIDE MEDICAL RESPITE FOR THE HOMELESS:

DOH does not currently have the funding, nor does it expect funding to be included in the Governor's budget proposal, to support the programs that would be created by House Bill 6756. For these reasons, DOH cannot support this bill.

S.B. 888 - AN ACT CONCERNING ADEQUATE AND SAFE HOUSING FOR THE ELDERLY AND YOUNGER PERSONS WITH DISABILITIES:

As Commissioner Rehmer will testify, we recently met to discuss a feasible plan that ensures the needs of both the state's elderly and young disabled populations are addressed, including many of the ideas proposed in this bill. If the bill moves forward, we would respectfully request that the committee include the following modifications. As drafted, this bill assumes that all persons with disabilities living in elderly/disabled housing have behavioral health issues, falling within the purview of DMHAS. DOH would prefer to include other agencies and organizations in this discussion to ensure we have representatives that serve the broad range of disability groups living in elderly/disabled housing, such as the Department on Aging, the Department of Developmental Services, the Department of Rehabilitation Services, and the Office for Protection and Advocacy for Persons with Disabilities and representation from the Independent Living Centers.

DOH also respectfully requests that you extend the reporting deadline to January 2017. While the department shares the sense of urgency the committee feels to find a viable solution to this issue, this study will be conducted "within available appropriations" and DOH does not currently have the funding to cover such a cost. Instead, the department, along with its partners, will have to rely on existing staff to manage the large task of convening the working group together, determining an implementation plan, gathering the necessary data, analyzing the data, reaching a consensus among the group, and drafting the report. Obviously this is a complex issue and there are several impediments to gathering the data such as the federal Health Insurance Portability and Accountability Act (HIPAA), which constrains the working group's ability to obtain information on the specific disabilities of current residents and those on the waiting lists. Our agencies need time to ensure this is a thorough and effective study. For these reasons, without an extended deadline, the agency cannot support this bill since it would not be able to be completed within available resources.

In the interim, DOH wants to reiterate its support for S.B. 405 and H.B. 6142 with the modifications mentioned in my testimony on February 3rd. These bills would enable housing authorities to retain a security deposit from elderly and young disabled tenants until tenancy is ended. DOH understands that the problem that S.B. 888 seeks to remedy is partially financial and believes that these security deposits will provide some financial relief to the housing authorities.

H.B. 6640 - AN ACT CONCERNING ALLOCATIONS OF LOW INCOME HOUSING TAX CREDITS:

DOH opposes H.B. 6640, which would require that federal Low Income Housing Tax Credits (LIHTC) be allocated to two categories: 75% allocation to high opportunity areas and 25% allocation to catalytic projects in moderate or lower opportunity areas. While DOH appreciates the intent of this bill, legislating mandates for the LIHTCs in this way would likely require the Connecticut Finance Housing Authority (CHFA) to roll over a portion of credits each year, delaying and potentially jeopardizing this vital federal funding. States only have two years to award allocated tax credits before they must return them to a national pool for re-allocation to another state.

There is an established process in place that allows for CHFA, in conjunction with DOH, to properly allocate these credits to the areas of greatest need, based on the applications received. Through a public process, CHFA's Board of Directors, in conjunction with CHFA staff and DOH, annually reviews and can revise the Qualified Allocation Plan (QAP), which establishes the selection criteria for LIHTC applications. Due to multiple revisions, the QAP was put out for public comment twice this past year. DOH encourages interested individuals and members of the General Assembly to participate in this annual QAP public comment process if they feel strongly about establishing new priorities for the allocation of LIHTCs. Defining in statute how to allocate these credits by a rigid formula rather than relying on the selection criteria outlined in the annually revised QAP is too restrictive. Quite possibly, quality projects could be barred from receiving tax credit financing while, at the same time, tax credits might be left unused and potentially returned to the federal government. LIHTCs are an important federal resource in the creation and preservation of affordable housing in this state. We cannot afford to delay their use or risk the loss of credits as a result of legislative requirements to which the market may or may not respond.

Thank you for your time and consideration. I am happy to answer any questions you may have at this time and would also welcome the opportunity to meet with any of you individually if you wish to further discuss these issues.